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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Integrate
and Refine Procurement Policies and
Consider Long-Term Procurement Plans.

Rulemaking 13-12-010
(Filed December 19, 2013)

**ADMINISTRATIVE LAW JUDGE'S RULING ON
PHASE 1A/1B ISSUES AND SCHEDULING**

This Ruling addresses several recent Motions filed in this proceeding. In sum, this Ruling clarifies which issues from the Scoping Memo are appropriate for Phase 1a, and denies all other Motions.

On May 6, 2014, the Scoping Memo for this proceeding was issued. On May 12, 2014, the Independent Energy Producers Association (IEP) filed a Motion for modification of the Scoping Memo. On May 19, 2014, Pacific Gas and Electric Company (PG&E) filed a Motion to modify the proceeding schedule. On May 20, 2014, IEP filed a Motion for clarification of the Scoping Memo. On May 23, 2014, the California Wind Energy Association and the Union of Concerned Scientists (CalWEA/UCS) filed a Motion to add certain questions to the Scoping Memo regarding costs of flexible generation.

IEP seeks to modify the Scoping Memo to "clarify" that this proceeding will be the sole forum for authorizing any procurement of flexible capacity for the 2014-2024 planning horizon. This IEP Motion points to Rulemaking (R.) 14-02-001 (the Joint Reliability Plan Rulemaking) as another possible proceeding where flexible capacity could be procured. The Motion is denied. It

is not appropriate in this proceeding to prejudge what should occur in R.14-02-001. Further, subsequent to IEP's Motion, a Scoping Memo was issued in R.14-02-001. If IEP has concerns with the scope of that proceeding, it should raise such concerns there.

To the extent that other Motions seek to amend to revise the Scoping Memo, the Motions are denied. However, the Scoping Memo at 5-7 combined all Phase 1 issues. Thus, in response to IEP's May 20 Motion, it is appropriate to clarify at this time which issues in the Scoping Memo are to be addressed in Phase 1a testimony.

As the Scoping Memo states at 4: "Phase 1a will consider system reliability needs." Phase 1a involves using standard planning assumptions leading to specific supply and demand scenarios for the next 20 years which will be used by the CAISO and others to develop models to forecast system reliability needs through 2024, including flexibility requirements. In order to evaluate system reliability needs and the models used for such purposes, the following issues are appropriate for Phase 1a testimony:

Evaluation of need

1. Is there a need for additional flexible resources to meet operational flexibility requirements through 2024?
2. Should pre-existing procurement authorizations be modified to address need for flexible resources?
3. In addition to any needed flexible resources, is there a need for additional system resources to meet reliability through 2024?
4. To the extent the planning reserve margin is 20% or higher through 2025, is there nevertheless a need for additional procurement? If so, under what circumstances?
5. What characteristics should any additional resources have, including factors like expected GHG emissions?

Operational Flexibility Modeling

1. Should the tool used to determine flexible resource needs be used to develop resource-specific flexibility impacts that could inform procurement decisions, such as through a renewable integration adder, and if so, how?

Issues regarding planning for the 2014 LTPP proceeding (as listed in the Scoping Memo under Phase 1, Issue 5) are also appropriate for Phase 1a.

A separate Ruling will be issued to lay out more specific questions to be addressed regarding combined heat and power settlement issues (see Scoping Memo Phase 1, Issue 6) and the process for considering these issues.

Per the Scoping Memo at 4, “Phase 1b will determine what specific resources should be procured to meet any need determined in Phase 1a.” Phase 1b will also consider issues related to a renewable integration adder (see Scoping Memo Phase 1, Issue 4). To the extent that any clarification of the issues in the Scoping Memo is required ahead of Phase 1b testimony, this will be provided at a later date. Regarding the CalWEA/UCS Motion, issues regarding the reasonableness of costs of resources are inherent to this proceeding, pursuant to P.U. Code Sections including Sections 451 and 454.

The Scoping Memo at 8 calls for “testimony of parties preparing models” on August 13, 2014. PG&E in its May 19 Motion proposes that that CAISO submit its Phase 1a opening testimony (including the CAISO’s model) on August 13, with all other parties submitting opening testimony on September 3. Consistent with the Scoping Memo, PG&E suggests reply testimony from all parties on September 24. SCE responded to PG&E and recommends that all modeling parties submit their testimony on August 13 as per the Scoping Memo.

PG&E’s Motion is denied. There have already been public workshops and informal information-sharing activities among parties to assist in understanding

the workings of upcoming models. There is value in having all testimony of modeling parties at the same time and provided first, so that all parties have equal opportunity to review all testimony and associated models. Per the Scoping Memo, if PG&E or any other parties wish to prepare testimony based on review of models (or alternative scenarios or sensitivities of other parties' models) included with testimony due August 13, 2014, they will have the opportunity to do so in testimony due September 3, 2014. Parties will then have the opportunity to seek to cross-examine any party's witnesses on any version of a model in testimony or other relevant material.

IT IS RULED that:

1. Independent Energy Producers Association's May 12, 2014 Motion is denied.
2. Pacific Gas and Electric Company's May 19, 2014 Motion is denied.
3. Independent Energy Producers Association's May 20, 2014 Motion is granted, as delineated herein.
4. The California Wind Energy Association and the Union of Concerned Scientists' May 23, 2014 Motion is denied.

Dated June 2, 2014, at San Francisco, California.

/s/ DAVID M. GAMSON

David M. Gamson
Administrative Law Judge